

Financial Management

RELATIONS WITH THE GENERAL ACCOUNTING OFFICE AND THE OFFICE OF THE ASSISTANT INSPECTOR GENERAL FOR AUDITING

BY ORDER OF THE DEPUTY COMMANDER

COMPLIANCE WITH THIS PUBLICATION IS MANDATORY

NOTICE: This publication is available electronically in the USTRANSCOM electronic library.

OPR: TCJ8-A (Ms. Barbara Haselhorst)
Supersedes USTRANSCOMI 65-1, 27 Apr 98

Approved by: TCJ8 (Mr. ArthurJ. Coleman, Jr.)
Pages: 11
Distribution: Electronic Publishing

This instruction prescribes the policies and procedures necessary to manage relations with the General Accounting Office (GAO) and the Office of the Assistant Inspector General for Auditing (OAIG-AUD), hereinafter referred to as the Department of Defense Inspector General (DOD IG), within the United States Transportation Command (USTRANSCOM). It implements Department of Defense (DOD) Directives 5106.1, 7600.2, 7650.1, 7650.2, 7650.3, and DOD Instruction 7650.4. It is applicable to all USTRANSCOM directorates and Direct Reporting Elements (DRE).

Summary of Revisions: Changes command central staff agency to the Accounting Division in TCJ8; clarifies management responsibilities; and adds an attachment providing a sample format for responding to draft/final audit reports.

NOTE: Since this directive has been revised in its entirety, asterisks will not be used to identify revised material.

1. References and Supporting Information. References, related publications, abbreviations, acronyms, and terms used in this instruction are listed in attachment 1.

2. General. It is the responsibility of the GAO and the DOD IG to: Conduct independent evaluations of DOD programs and operations; determine whether management control systems are adequate and information is reliable; applicable laws, regulations, and policies are followed; resources are safeguarded and managed economically and efficiently; and desired program results are achieved. Audit follow-up is also an integral part of the audit program and is a shared responsibility of management officials and auditors. In accordance with Office of Management and Budget (OMB) Circular A-50, each DOD component is required to establish a follow-up system to ensure the prompt and proper resolution and implementation of audit recommendations.

2.1. The GAO is an independent, nonpolitical agency created by Congress to provide special assistance to requests of congressional committees, subcommittees, and members of Congress. Other GAO audit functions are based on existing statutes and self-initiated audits.

2.2. The DOD IG performs internal audits relating to the programs and operations of the Office of the Secretary of Defense (OSD), the Office of the Joint Chiefs of Staff (JCS), the combatant commands, and defense agencies. The DOD IG also monitors, coordinates, and evaluates follow-up systems within the DOD; evaluates corrective actions taken by DOD components on GAO and DOD IG reports; and facilitates the resolution of disagreements arising from DOD IG reports.

3. Policies:

3.1. The USTRANSCOM Program Analysis and Financial Management Directorate (TCJ8) Accounting Division (TCJ8-A) is the central staff agency within USTRANSCOM to administer, monitor, and control all audit matters within the command.

3.2. Each USTRANSCOM Director and DRE Chief will assign a primary action officer for processing and coordinating on audit matters when an announced audit is pertinent to their respective functional staff agency. Provide in writing, the name, office symbol, and phone number of the action officer for a particular audit project to TCJ8-A.

3.3. All USTRANSCOM personnel must cooperate with the GAO/DOD IG representatives in conducting their announced audit assignments.

3.4. All staff Offices of Primary Responsibility (OPRs) have management responsibilities over particular functions or activities. As the resident expert, OPRs must be involved during the entire audit process, to include working with the auditors during visits, providing additional information after visit (if required), reviewing the draft and final reports, and preparing responses when needed. When a staff agency believes another staff agency should be the OPR, the first-appointed OPR should contact TCJ8-A for approval and upon approval forward the audit correspondence to the correct OPR and provide an information copy of the transmittal memorandum to TCJ8-A. If disagreements in the assignment of an OPR arise, TCJ8-A may require written positions from the potential OPRs and will staff the disagreement as necessary.

3.5. If anyone within USTRANSCOM is contacted directly by the GAO or DOD IG regarding Audits, Investigations or Congressional Questions, distribution is as follows: Audits must be forwarded to TCJ8-A; Investigation requests must be forwarded to TCIG; Congressional Questions must be forwarded to TCJ5.

3.6. Any visits/meetings held outside Scott AFB must be coordinated with TCJ8 and results of meetings must be provided to TCJ8 within 5 workdays of meeting.

4. Responsibilities:

4.1. TCJ8 will:

- 4.1.1.** Inform the Command Section and staff of all audit matters.
- 4.1.2.** Maintain the USTRANSCOM central file for audit reports and related correspondence.
- 4.1.3.** Designate the USTRANSCOM OPRs and Offices of Collateral Responsibility (OCRs) for audit visits to the command.
- 4.1.4.** Monitor all audit visits within USTRANSCOM and provide the staff OPR/OCR necessary assistance throughout the visit.
- 4.1.5.** Verify security clearances and arrange for security badges for visiting auditors.
- 4.1.6.** Escort visiting auditors to scheduled entrance briefings. When necessary, assist the staff OPR in escorting the auditors to other scheduled meetings.
- 4.1.7.** Act as the focal point between members of the USTRANSCOM staff and the GAO/DOD IG when audit report matters require clarification or interpretation.
- 4.1.8.** Review and process all audit reports and correspondence.
 - 4.1.8.1.** Determine appropriate OPRs and OCRs and forward correspondence for appropriate management action.
 - 4.1.8.2.** Maintain a suspense system for correspondence requiring a response.
- 4.2.** The USTRANSCOM functional staff directorate/DRE OPR will:
 - 4.2.1.** Serve as the primary point of contact (POC) for GAO/DOD IG personnel on a specific job assignment. Provide in writing, the name, office symbol, and phone number of the action officer for a particular audit project to TCJ8-A.
 - 4.2.2.** For audit visits not at USTRANSCOM, arrange all necessary meetings; i.e., entrance and exit briefings/meetings with applicable OCRs. Notify TCJ8-A and appropriate OCRs of the time and location of the entrance and exit briefings.
 - 4.2.3.** Ensure all individuals working with or providing information are knowledgeable of the provisions of this instruction.
 - 4.2.4.** Maintain a copy or a record of all data provided to the GAO/DOD IG for three years.
 - 4.2.5.** Provide the auditors adequate working space for the duration of the visit.
 - 4.2.6.** Prepare and forward a visit report (exempt from licensing IAW AFI 33-324, para 2.11.8) to TCJ8-A NLT 15 workdays following a GAO or DOD IG meeting/briefing (see attachment 3). This report should include:

4.2.6.1. Names of GAO or DOD IG personnel conducting the survey or review and the names of the USTRANSCOM personnel contacted.

4.2.6.2. GAO/DOD IG work assignment code and inclusive dates of the visit.

4.2.6.3. Place and purpose of visit.

4.2.6.4. Summary of discussions held, briefings presented, deficiencies identified, and documents provided to the auditors.

4.2.6.5. Results of or conclusions drawn from the visits, including corrective actions taken or recommended.

4.2.6.6. Other significant information, such as unusual requests made by the auditors or problems encountered in complying with their requests.

4.2.7. Stay involved during the entire audit process, to include working with the auditors during visits, providing additional information after visit (if required), keeping abreast of where the auditors are going throughout their review, reviewing the draft and final reports, and preparing responses when needed. OPR is also responsible for keeping their Director or Chief informed on audit matters.

5. Audit Announcement Procedures. The GAO and DOD IG notify DOD of their intent to conduct a survey or review by issuing a letter or memorandum to the Secretary of Defense. This notice identifies general audit objectives, when the audit will begin, the names of the program director and project manager, sites to be visited, and if the survey or review was congressionally requested. Upon receipt of a survey or review letter, TCJ8 will determine appropriate USTRANSCOM OPRs/OCRs and forward for information or possible action.

6. Access to Information. Generally, a properly cleared GAO or DOD IG auditor shall have full and unrestricted access to all personnel, facilities, records, reports, etc., required to accomplish an announced audit assignment. DOD Directive 7650.1 sets forth the DOD policy relating to GAO access to records. DOD Directive 5106.1 applies to DOD IG access to records.

6.1. It is DOD policy to honor both oral and written information requests from the GAO/DOD IG provided that such information is releasable under the applicable statutes, directives, and policies.

6.2. Access to operations plans (OPLANs) and any supporting documentation is extremely sensitive and requires special treatment. Release of information should be on a need-to-know basis and carefully limited to those documents or portions of documents directly related to the audit. CJCS Instruction 5714.01A provides specific guidance concerning the types of OPLAN data that can be released by the holders without JCS approval.

6.3. If questions arise concerning access to or the releasability of an OPLAN or any other information, the staff OPR should contact TCJ8-A for guidance and assistance. Under no circumstances should anyone within USTRANSCOM inform the auditor that their request has been denied.

6.4. If the auditors request pre-award, procurement-sensitive information, advise the GAO that it is general DOD policy that such information not be released until after a contract award is made.

6.5. Requests concerning the Future Years Defense Plan, program change requests, program change decisions, program budget decisions, and technical development plans should be referred to TCJ8 as this information must be staffed through TCJ8 and the appropriate OSD action officer.

7. Processing Draft/Final Reports:

7.1. Comments to Draft Reports. Following completion of a DOD-related audit, the GAO/DOD IG will, in most cases, issue a draft report of audit to the DOD. Time frames for responses to GAO reports are set forth in DOD Directive 7650.2 (normally 30 calendar days from date of the draft report). DOD Directive 7650.3 states the time frames for processing DOD IG reports; i.e., 60 calendar days from date of the draft report.

7.1.1. Upon receipt of a draft report requiring a USTRANSCOM response, TCJ8 will forward the report to the applicable functional OPR for review and comment. OPR should immediately report any inaccurate audit findings to TCJ8-A. Functional staff comments should be forwarded to TCJ8-A for incorporation into the USTRANSCOM response by the indicated suspense date. TCJ8-A will prepare a fully coordinated command response. A sample format for a command response is at Attachment 2. The USTRANSCOM response must:

7.1.1.1. Thoroughly and objectively evaluate each finding, recommendation, and potential monetary benefit.

7.1.1.2. Concur or nonconcur with the report's recommendations.

7.1.1.3. Describe action taken or planned to accomplish each recommendation, the entity or entities responsible for its implementation, the milestone and completion dates, and how compliance will be monitored.

7.1.1.4. Fully discuss the reason for the nonconcurrence with finding or recommendation. Provide a proposed alternative corrective action to solve the problem or deficiency identified in the recommendation.

7.1.1.5. Address factual errors in Technical Comments. Specifically identify where inaccuracies are found in the report.

7.2. Resolution Procedures. When nonconcurrences cannot be resolved by the USTRANSCOM OPR and the DOD IG, the DOD IG will elevate the issue within USTRANSCOM to a higher level. If the

proposed written response still presents a problem and informal resolution efforts have failed, the DOD IG will submit the matter to the Secretary of Defense for a decision.

7.2.1. When agreement is reached, a resolution document is prepared which contains the terms of the agreement. Terms of the agreement must be carried out after a resolution document is signed.

7.2.2. Actions resulting from the nonconcurrence are tracked by the DOD IG Audit Follow-up Office and are subject to follow-up audit.

7.3. Comments to the final report. Responses to the final audit reports are required if:

7.3.1. USTRANSCOM did not reply to the draft report.

7.3.2. A draft report was not issued.

7.3.3. USTRANSCOM nonconcurred with a finding or recommendation.

7.3.4. The final report contains new or changed recommendations, or if the DOD IG requests additional information. If a response to the final report is needed, use guidelines in paragraphs 7.1.1 through 7.1.1.5.

8. Follow-up on GAO and DOD IG Reports. TCJ8-A will maintain an audit follow-up system and will notify functional staff OPRs when responses are due. Functional staff OPRs are responsible to:

8.1. Take timely, effective, corrective action on agreed upon findings and recommendations that are applicable to their programs and activities.

8.2. Maintain accurate follow-up status records (to include notification that corrective actions have been taken and responses to requests for status reports).

//signed//

ARTHUR J. COLEMAN, JR.
Director, Program Analysis
and Financial Management

Attachments:

1. References and Supporting Information
2. Sample Format for Response to Draft Audit Reports
3. Sample Format for Visit Report

GLOSSARY OF REFERENCES, ABBREVIATIONS AND ACRONYMS,

References

Department of Defense (DOD) Directive 5106.1, Inspector General of the Department of Defense

DOD Instruction 7050.3, Access to Records and Information by the Inspector General, Department of Defense

DOD Directive 7600.2, Audit Policies

DOD Directive 7650.1, General Accounting Office (GAO) and Comptroller General Access to Records

DOD Directive 7650.2, General Accounting Office (GAO) Reviews and Reports

DOD Directive 7650.3, Followup on General Accounting Office, DOD Inspector General, and Internal Audit Reports

DOD Instruction 7650.4, Procedures for Responding to General Accounting Office (GAO) and Comptroller General Requests for Access to Records

Chairman of the Joint Chiefs of Staff Instruction (CJCSI) 5714.01A, Release Procedures for Joint Staff and Joint Papers and Information

OMB Circular A-50, Audit Follow-up

AFI 33-324, The Information Collections and Reports Management Program, Controlling Internal, Public, and Interagency Air Force Information Collections

Abbreviations and Acronyms

CJCS - Chairman Joint Chiefs of Staff

DRE – Direct Reporting Elements

DOD - Department of Defense

DOD IG - Department of Defense Inspector General

GAO - General Accounting Office

IAW - In Accordance With

JCS - Joint Chiefs of Staff

NLT - Not Later Than

OAIG-AUD - Office of the Assistant Inspector General for Auditing

OCR - Office of Collateral Responsibility

OMB - Office of Management and Budget

OPLAN - Operations Plan

OPR - Office of Primary Responsibility

OSD - Office of the Secretary of Defense

POC - Point of Contact

TCJ8 - USTRANSCOM Directorate of Program Analysis and Financial Management

USTRANSCOM - United States Transportation Command

SAMPLE FORMAT FOR RESPONSE TO DRAFT AUDIT REPORTS

MEMORANDUM FOR GAO/DOD IG

FROM: TC__ (Directorate, DRE, or Command Section)

SUBJECT: Review of Draft GAO/DOD IG Audit Report, "Title," dated (Project No.)

1. We reviewed the subject draft audit report's findings and recommendations and generally concur. Attached are specific comments to the report's recommendations, as well as some technical comments on the report's contents.

2. POC is _____, TCJ_____, DSN _____ (Commercial _____).

Directorate, DRE, or Command Section Signature

Attachment:
USTRANSCOM Comments on
GAO/DOD IG Draft Audit Report

cc:
USTRANSCOM/TCJ8

**USTRANSCOM Response to Draft GAO/DOD IG Audit Report,
“Title” (Project No.)
Dated _____**

USTRANSCOM provides the following comments to the *GAO/DOD IG* draft audit report, “Title,” recommendations:

RECOMMENDATION 1. (*Quote the recommendation as stated in the draft report.*)

RESPONSE: Concur or Nonconcur. *Provide brief, objective comments. If you concur with the recommendation, so state, and briefly describe actions taken or planned. If actions are not complete provide an estimated completion date.*

If you nonconcur with the recommendation, so state, and provide a reason for nonconcurrence. Also propose an alternative corrective action to solve the problem or deficiency identified.

RECOMMENDATION 2. (*Quote the recommendation as stated in the draft report.*)

RESPONSE: Concur or Nonconcur. *Same as Response above.*

TECHNICAL COMMENTS

On a separate sheet of paper, address any technical comments. These comments should address technical inaccuracies in the report, and provide a brief explanation of why the information is inaccurate or provide a suggested wording change. Be specific as to what you are referencing.

1. Page ____, para ____, line or sentence ____, “*include inaccurate text.*” This statement is inaccurate because ...

2. Page ____, para ____, line or sentence ____, “*text.*” ...

SAMPLE FORMAT FOR VISIT REPORT

(See paragraph 4.2.6)

GAO CODE/DOD IG PROJECT CODE: (Include inclusive dates of visit)

NAMES: GAO or DOD IG personnel conducting the survey or review:

USTRANSCOM PERSONNEL CONTACTED:

PLACE: _____ PURPOSE: _____

SUMMARY: (Include discussions, briefings, deficiencies identified, and documents provided)

RESULTS: (Conclusions, corrective actions, recommendations)

OTHER COMMENTS: (Unusual requests from auditors, problems encountered in complying with requests)

NEXT STEPS:
